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CHINA & ASIA TRAVEL SERVICE, INC.,
D/B/A CHINA INTERNATIONAL TRAVEL SERVICE (USA)

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

CHINA INTL TRAVEL SERVICES (USA),
INC.,

Plaintiff,

v.

CHINA & ASIA TRAVEL SERVICE, INC.,
D/B/A CHINA INTERNATIONAL TRAVEL
SERVICE (USA), and DOES 1-10, inclusive,

Defendants.

CASE NO. 08-cv-01293 JSW

**DEFENDANT CHINA
INTERNATIONAL TRAVEL SERVICE
(USA)'S AMENDED
COUNTERCLAIMS**

JURY TRIAL DEMANDED

AMENDED COUNTERCLAIMS

Defendant/Counterclaim Plaintiff China & Asia Travel Service, Inc., d/b/a China International Travel Service (USA) ("Counterclaim Plaintiff") for its amended counterclaims against Plaintiff/Counterclaim Defendant China Int'l Travel Services (USA) ("Counterclaim Defendant"), Inc., alleges as follows:

Nature of the Case

1. Counterclaim Plaintiff China & Asia Travel Service, Inc., d/b/a China International Travel Service (USA), brings counterclaims for trademark, service mark, and trade name infringement and unfair competition arising under federal and state statutes and the common law. Counterclaim Plaintiff brings these counterclaims against Counterclaim Defendant because it has recently become aware that Counterclaim Defendant is using an imitation of Counterclaim Plaintiff's CITS GLOBE DESIGN, and the infringing names CITS, and USA CITS ("the Infringing Marks"), as well as seven Chinese characters meaning "China International Travel Services," as part of its name and marks for products and services that compete directly with Counterclaim Plaintiff's products and services sold under its common law marks in the same geographic markets. Counterclaim Defendant's Infringing Marks are for all practical purposes identical to the names and marks Counterclaim Plaintiff has long used in the course of its business prior to any use by Counterclaim Defendant, and Counterclaim Defendant's use of the Infringing Marks has caused, and will continue to cause, actual confusion in the marketplace unless enjoined by this Court.

Parties

2. Counterclaim Plaintiff China & Asia Travel Service, Inc., d/b/a China International Travel Service (USA), is a corporation of California, having a principal place of business at 16 N. Marengo Ave., Suite 201, Pasadena, CA 91101.

3. On information and belief, Counterclaim Defendant China Int'l Travel Services (USA), Inc., is a corporation of California, located in San Francisco, with a former business address of 110 Sutter St., Suite 518, San Francisco, CA 94104, and a mailing address of P.O. Box 16631, San Francisco, CA 94116.

Jurisdiction and Venue

4. This Court has jurisdiction over the subject matter of these counterclaims pursuant to 15 U.S.C. §§ 1064, 1119, 1121 and 28 U.S.C. §§ 1331, 1338, and 1367.

5. Venue is proper in this district pursuant to 28 U.S.C. § 1391.

Counterclaim Plaintiff's Products and Services

6. Counterclaim Plaintiff is a U.S. subsidiary of China International Travel Service Head Office ("CITS HO"), a corporation of The People's Republic of China. CITS HO was founded in 1954. It is China's largest and most influential tourism company and is the top brand-name in China's tourism industry. It was the first industrial member of the World Tourism Organization in China and is the Chairman of the China Association of Travel Services.

7. Counterclaim Plaintiff established its office in Los Angeles, CA, in 1991 and incorporated under the name China & Asia Travel Service, Inc. It registered "China International Travel Service Headquarters (USA)" as a "doing business as" name in California in 1992 and registered "China International Travel Service (USA)" in 1997 as a "doing business as" name in California, and has renewed that name in 2002 and 2007 respectively.

8. Counterclaim Plaintiff has customers from all over the United States.

9. Counterclaim Plaintiff's efforts and accomplishments have made it a well-known and recognized name in the travel industry. Counterclaim Plaintiff has earned its reputation as a result of its commitment to providing the highest quality goods and services.

10. Counterclaim Plaintiff has been accredited by the Airlines Reporting Corporation since 1993 and the International Airlines Travel Agent Network since 1994. It has been a member of the United States Tour Operators Association since 1999. It has been a preferred visa services provider for The Consulate General of The People's Republic of China in Los Angeles since 1993.

Counterclaim Plaintiff's Intellectual Property Rights

11. Counterclaim Plaintiff owns all right, title, and interest in the common law trademarks, services marks, and trade names CITS, CITS USA, and the CITS GLOBE DESIGN (the "CITS USA Name and Marks") for travel agency services, including tour packages, visa services, flight and hotel bookings, and bus tours.

12. Counterclaim Plaintiff's parent company China International Travel Service Head Office has used the CITS name and CITS GLOBE DESIGN since the 1950s.

13. Counterclaim Plaintiff has been using the CITS GLOBE DESIGN since at least as early as 1992.

14. Counterclaim Plaintiff adopted the name CITS immediately upon establishing its business in Los Angeles at least as early as 1992. Counterclaim Plaintiff adopted the name CITS USA at least as early as 1997.

15. Counterclaim Plaintiff uses two versions of the CITS GLOBE DESIGN. Both include the globe design with three arrows pointing right, with the name CITS above the arrows. The mark shown below has seven Chinese characters above CITS. This mark was first used by Counterclaim Plaintiff in commerce in the United States in 1992 in connection with travel services, and has been in continuous use to the present.



16. Since 1998, Counterclaim Plaintiff has maintained a travel website aimed at American customers at <<http://www.citsusa.com>>, that prominently displays a second version of the mark which is substantially similar but has four Chinese characters above CITS. Counterclaim Plaintiff hosts other English language websites, such as <<http://www.cits.cn/en/index.htm>> and <<http://www.cits.net/>>, that also use the mark with four Chinese characters in connection with travel services (the marks alleged in Paragraphs 14 and 15 above are collectively referred to as the CITS GLOBE DESIGN):



1 17. The seven Chinese characters and four Chinese characters used in the CITS GLOBE
2 DESIGN both mean "China International Travel Services."

3 18. Counterclaim Plaintiff has used the CITS USA Name and Marks in commerce in
4 connection with travel services since long prior to any date of first use that may be claimed by
5 Counterclaim Defendant and prior to any application filing dates that may be relied upon by
6 Counterclaim Defendant.

7 19. Through long and extensive use of the CITS USA Name and Marks, and substantial
8 advertising and promotion, the marks have developed valuable goodwill.

9 **Counterclaim Defendant's Wrongful Acts**

10 20. Long after Counterclaim Plaintiff adopted its CITS USA Name and Marks,
11 Counterclaim Defendant began using the confusingly similar names CITS, USA CITS, and an
12 imitation of the CITS GLOBE DESIGN.

13 21. Counterclaim Defendant uses the Infringing Marks in the course of its business in
14 direct competition with Plaintiff.

15 22. Counterclaim Defendant's use of the Infringing Marks has caused actual confusion in
16 the market for the parties' products and services. Counterclaim Plaintiff has been advised by
17 customers that they have been confused into wrongly believing that Counterclaim Defendant and
18 Counterclaim Plaintiff were one and the same company offering the same services.

19 23. Counterclaim Defendant is listed as the owner of U.S. Registration No. 2,973,156 for
20 the mark shown below for "travel agency services, namely, making reservations and bookings for
21 lodgings," with a first claimed use date of March 1, 2003. This registration issued from Application
22 Serial No. 78/233,791, filed under Section 1(b), 15 U.S.C. § 1051(b), on April 3, 2003.



26 24. Counterclaim Defendant is listed as the owner of U.S. Registration No. 3,442,139 for
27 the mark shown below for "travel agency services, namely, making reservations and bookings for
28 lodgings," with a first claimed use date of April 5, 2003. This registration issued from Application

1 Serial No. 78/233,790, filed under Section 1(b), 15 U.S.C. § 1051(b), on April 3, 2003. This
2 application matured to registration on June 3, 2008.



6 25. On information and belief, Counterclaim Defendant appropriated the trade name
7 “China Int’l Travel Services (USA),” which it used in its Applications, after Counterclaim Plaintiff
8 registered China International Travel Service (USA) as its “doing business as” name in California.

9 26. On information and belief, Counterclaim Defendant’s description of itself as “an
10 oversea branch of a large Chinese travel enterprise” on its website at
11 <http://www.usacits.com/china_EN/about.htm> is an attempt to falsely associate with Counterclaim
12 Plaintiff.

13 27. On information and belief, Counterclaim Defendant intentionally chose the names
14 CITS and USA CITS and used a clear imitation of Counterclaim Plaintiff’s CITS GLOBE DESIGN
15 mark as its logo to cause confusion between the two companies and trade on Counterclaim
16 Plaintiff’s goodwill in the U.S. travel market.

17 28. On information and belief, on April 3, 2003, Counterclaim Defendant signed and
18 filed Application Serial Nos. 78/233,791 and 78/233,790 to register imitations of Counterclaim
19 Plaintiff’s CITS GLOBE DESIGN mark, each containing a verified declaration attesting that, as of
20 the time of filing, Counterclaim Defendant was the owner of the mark and that no other person had
21 the right to use the applied for mark in commerce, either in the identical form or in such near
22 resemblance as to be likely, when applied to the goods or services of any other person, to cause
23 confusion or mistake, or to deceive.

24 29. On information and belief, when Counterclaim Defendant signed and filed
25 Application Serial Nos. 78/233,791 and 78/233,790, it knew that Counterclaim Plaintiff had prior
26 use of and superior rights in Counterclaim Plaintiff’s CITS GLOBE DESIGN mark for the same
27 and/or closely related services.
28

1 30. On information and belief, when Counterclaim Defendant signed and filed
2 Application Serial Nos. 78/233,791 and 78/233,790, Counterclaim Defendant knew that it did not
3 own the CITS GLOBE DESIGN mark, that it did not have the exclusive right to use the mark in
4 commerce in connection with the services set forth in the Application; and that it either believed that
5 a likelihood of confusion would result from the use and registration of the imitation CITS GLOBE
6 DESIGN marks or had no reasonable basis for believing otherwise.

7 31. On information and belief, Counterclaim Defendant made these knowingly false and
8 misleading misstatements and/or omissions of material facts concerning its claim of ownership and
9 exclusive right to use the mark with an intent to induce the PTO to grant a registrations for the
10 imitation CITS GLOBE DESIGN marks.

11 32. On information and belief, the PTO relied on Counterclaim Defendant's false and
12 misleading statements and/or omissions of material facts concerning its claim of ownership and
13 exclusive right to use the mark in issuing U.S. Registration Nos. 2,973,156 and 3,442,139 for the
14 imitation CITS GLOBE DESIGN marks.

15 33. On information and belief, but for Counterclaim Defendant's knowingly false and
16 misleading statements and/or omissions of material facts concerning its alleged ownership and
17 exclusive right to use the mark, Counterclaim Defendant was not entitled to obtain and is not entitled
18 to maintain U.S. Registration Nos. 2,973,156 and 3,442,139 for the imitation CITS GLOBE
19 DESIGN marks.

20 34. Counterclaim Defendant should not now be entitled to maintain its U.S. Registration
21 Nos. 2,973,156 and 3,442,139 for the imitation CITS GLOBE DESIGN marks because it committed
22 fraud on the PTO.

23 **Injury to Counterclaim Plaintiff and the Public**

24 35. Counterclaim Defendant's unauthorized use of Counterclaim Plaintiff's trademarks,
25 service marks, and trade names has damaged and injured Counterclaim Plaintiff and, if permitted to
26 continue, will further damage and injure Counterclaim Plaintiff, its trademarks, service marks, and
27 trade names, and the reputation and goodwill associated with those marks and names. Counterclaim
28 Defendant's infringement of Counterclaim Plaintiff's marks may also injure Counterclaim Plaintiff's

1 reputation for exceedingly high-quality services and products, and the public interest in being free
2 from confusion.

3 36. Counterclaim Defendant's actions are likely to cause confusion, mistake, or deception
4 as to the source of origin of Counterclaim Defendant's products and services, and falsely suggest an
5 endorsement, sponsorship, connection, license, or association of Counterclaim Defendant and its
6 goods and services with Counterclaim Plaintiff, thereby injuring Counterclaim Plaintiff and the
7 public.

8 37. Counterclaim Defendant's actions are directed at consumers and potential consumers
9 of Counterclaim Plaintiff, are misleading in a material way, and irreparably injure the public and
10 Counterclaim Plaintiff.

11 **First Counterclaim**
12 **Federal Trademark Infringement, False Designation**
13 **of Origin, Passing Off, and Unfair Competition**
14 **Under Section 43(a)(1)(A) of the Lanham Act,**
15 **15 U.S.C. § 1125(a)(1)(A)**

16 38. Counterclaim Plaintiff repeats and realleges each and every allegation set forth in
17 Paragraphs 1-37 of its Counterclaims.

18 39. As alleged above, Counterclaim Defendant's actions are likely to cause confusion, or
19 to cause mistake, or to deceive as to the affiliation, connection, or association of Counterclaim
20 Defendant with Counterclaim Plaintiff, or as to the origin, sponsorship, or approval of Counterclaim
21 Defendant, its goods, and its commercial activities by or with Counterclaim Plaintiff (or vice versa),
22 and thus constitute trademark infringement of the unregistered marks CITS, CITS USA, and CITS
23 GLOBE DESIGN, and false designation of origin in violation of Section 43(a) of the Lanham Act,
24 15 U.S.C. § 1125(a)(1)(A).

25 40. Counterclaim Defendant's actions described above have at all times relevant to this
26 action been willful and/or knowing.

27 41. As a direct and proximate result of the actions of Counterclaim Defendant alleged
28 above, Counterclaim Plaintiff has been irreparable injured and has suffered monetary damages in an
as yet undetermined amount.

Second Counterclaim
Statutory Unfair Competition
California Business & Professions Code § 17200

42. Counterclaim Plaintiff repeats and realleges each and every allegation set forth in Paragraphs 1-41 of its Counterclaims.

43. As alleged above, Counterclaim Defendant has engaged in unlawful, unfair and fraudulent business practices in violation of California law and Business & Professions Code § 17200 *et seq.*

44. The actions of Counterclaim Defendant described above have at all times relevant to this action been willful and/or knowing.

45. As a direct and proximate result of the actions of Counterclaim Defendant alleged above, Counterclaim Plaintiff has been damaged and will continue to be damaged.

46. Pursuant to California Business and Professions Code § 17203, Counterclaim Plaintiff is entitled to preliminary and permanent injunctive relief, whereby Counterclaim Defendant is ordered to cease its unfair competition as described herein.

Third Counterclaim
Deceptive Advertising
California Business & Professions Code § 17500

47. Counterclaim Plaintiff repeats and realleges each and every allegation set forth in Paragraphs 1-46 of its Counterclaims.

48. As alleged above, Counterclaim Defendant's actions constitute assertions, representations, and statements of fact that are untrue, deceptive, and misleading, and are meant to deceive the public into visiting Counterclaim Defendant's website(s) and retail stores, and are a violation of California Business & Professions Code § 17500 *et seq.*

49. The actions of Counterclaim Defendant described above have at all times relevant to this action been willful and/or knowing.

50. As a direct and proximate result of the actions of Counterclaim Defendant alleged above, Counterclaim Plaintiff has been damaged and will continue to be damaged.

1 59. Based on Counterclaim Plaintiff's priority, U.S. Registration Nos. 2,973,156 and
2 3,442,139 for the CITS GLOBE DESIGN marks should be cancelled in their entirety pursuant to
3 Sections 14 and 37 of the Lanham Act, 15 U.S.C. §§ 1064, 1119.

4 **Sixth Counterclaim**
5 **Cancellation of Registrations**
6 **Under 15 U.S.C. § 1119**
 Based On Fraud

7 60. Counterclaim Plaintiff repeats and realleges each and every allegation set forth in
8 Paragraphs 1-59 of its Counterclaims.

9 61. As alleged above, Counterclaim Defendant obtained U.S. Registration Nos. 2,973,156
10 and 3,442,139 for the CITS GLOBE DESIGN marks fraudulently by virtue of the knowing, false,
11 material claims it made regarding its exclusive right to use the marks in connection with the services
12 set forth in their trademark applications.

13 62. Based on Counterclaim Defendant's fraudulent actions, U.S. Registration
14 Nos. 2,973,156 and 3,442,139 for the CITS GLOBE DESIGN marks should be cancelled in their
15 entirety pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119.

16 **PRAYER FOR RELIEF**

17 Wherefore, Counterclaim Plaintiff requests that this Court enter judgment in its favor on each
18 and every claim for relief set forth above and award it relief, including but not limited to the
19 following:

20 A. An injunction preliminarily and permanently enjoining Counterclaim Defendant and
21 its employees, agents, partners, officers, directors, owners, shareholders, principals, subsidiaries,
22 related companies, affiliates, distributors, dealers, and all persons in active concert or participation
23 with any of them from using, registering, or otherwise exploiting the mark CITS GLOBE DESIGN,
24 CITS, USA CITS, CITS USA, or any mark confusingly similar to the CITS USA Name and Marks;

25 B. An order requiring Counterclaim Defendant to destroy and/or immediately retract all
26 materials comprised of or containing the infringing name and marks;

1 C. An order requiring Counterclaim Defendant to disseminate corrective advertising and
2 to issue press releases to address the actual and likely confusion that it has caused by its wrongful
3 use of the infringing name and marks;

4 D. An order requiring Counterclaim Defendant to account for and pay to Counterclaim
5 Plaintiff all profits arising from Counterclaim Defendant's unlawful acts, such profits to be increased
6 pursuant to 15 U.S.C. § 1117 and other applicable laws;

7 E. An order requiring Counterclaim Defendant to pay Counterclaim Plaintiff damages,
8 in an amount to be determined at trial, but not less than \$100,000, resulting from Counterclaim
9 Defendant's unlawful acts, such damages to be trebled pursuant to 15 U.S.C. § 1117 and other
10 applicable laws;

11 F. An order requiring Counterclaim Defendant to pay Counterclaim Plaintiff's costs and
12 attorneys' fees in this action, pursuant to 15 U.S.C. § 1117 and other applicable laws;

13 G. An Order certified by this Court directing the Director of the U.S. Patent and
14 Trademark Office to cancel U.S. Registration No. 2,973,156 and 3,442,139 for the CITS GLOBE
15 DESIGN marks, in accordance with Sections 14 and 37 of the Lanham Act, 15 U.S.C. §§ 1064,
16 1119; and

17 H. Such other and further relief as the Court may deem appropriate.

18 **Jury Trial Demanded**

19 Defendant and Counterclaim Plaintiff demands a trial on all issues triable by jury.

20 Respectfully submitted,

21 DATED: September 3, 2008

FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER, LLP

23 By /s/ Robert F. McCauley

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27 Service, Inc., d/b/a China International Travel
28 Service